

DnB NOR Group – 1st half and 2nd quarter 2010 results



Rune Bjerke, group chief executive
Bjørn Erik Næss, chief financial officer

DnB NOR

1st half and 2nd quarter 2010

Rising credit growth and increase in net interest income

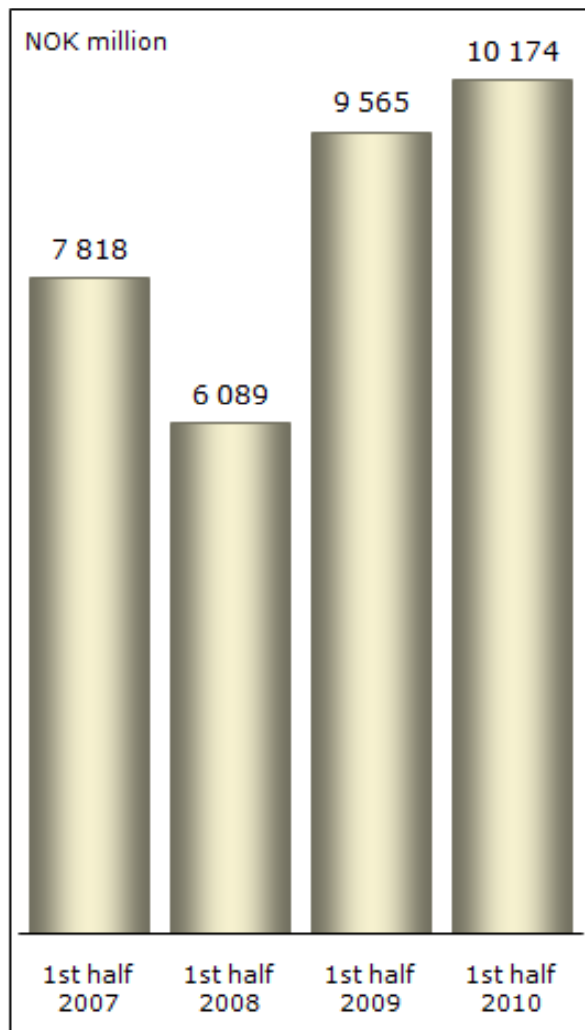
Cost programme ahead of schedule – compensates for wage and price inflation

Write-downs on loans markedly reduced

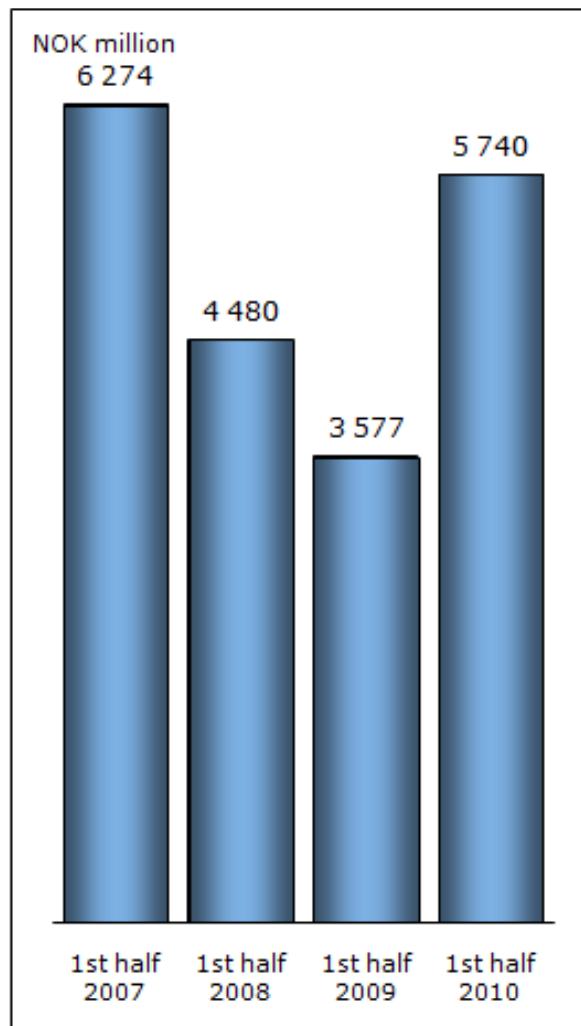
Positive profit performance enhanced by non-recurring items

Profit for the 1st half

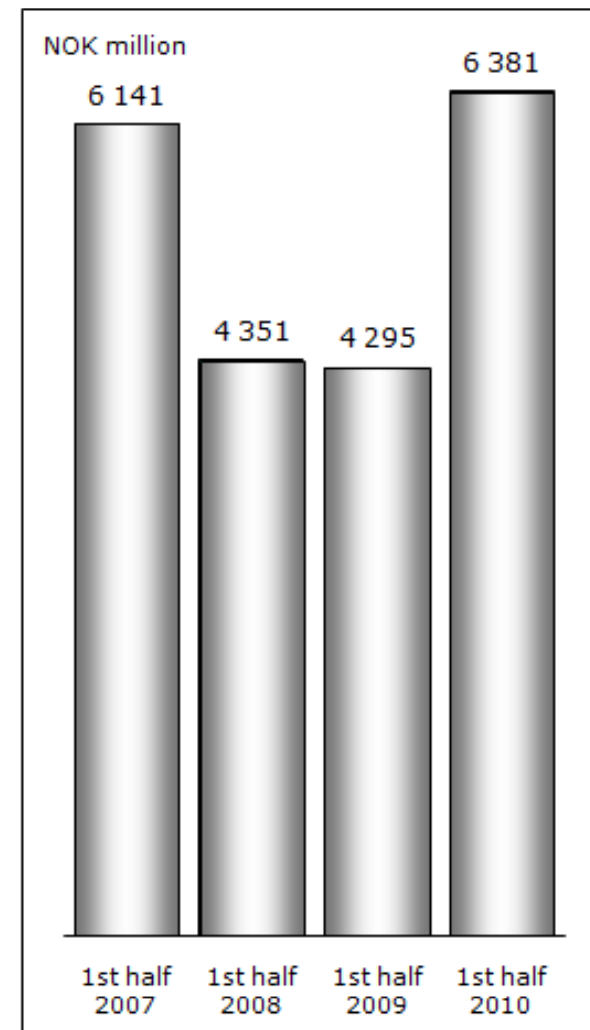
Pre-tax operating profit before write-downs



Profit for the period

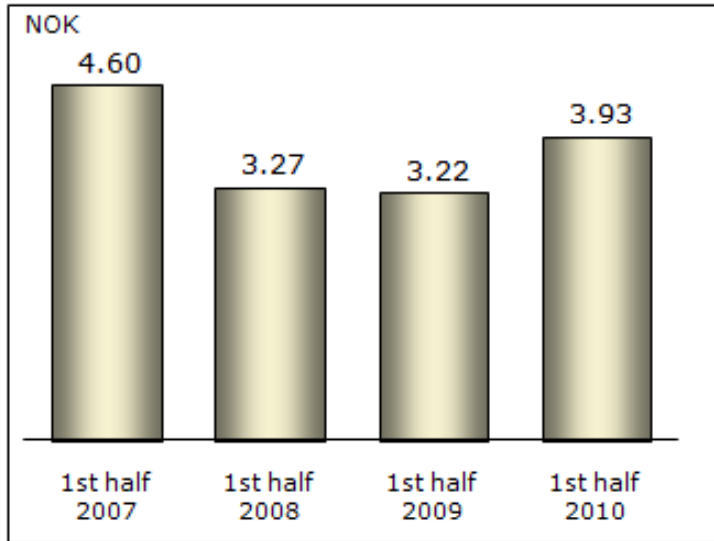


Profit for the period after minority interests

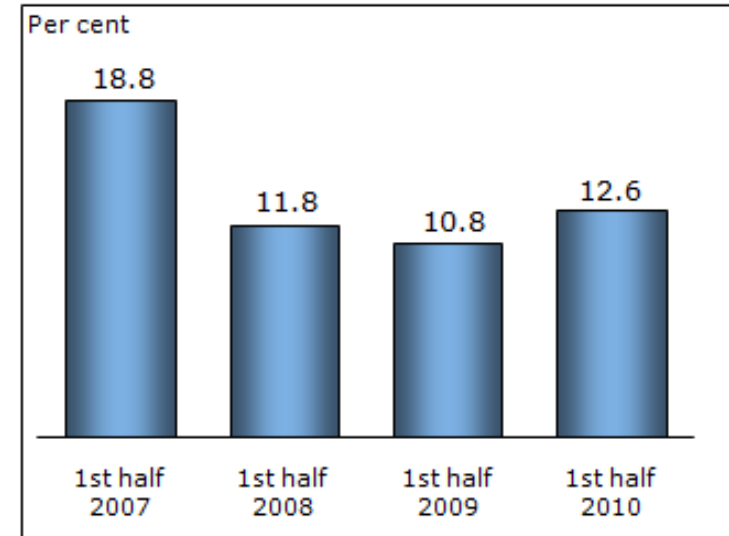


Key figures for the 1st half

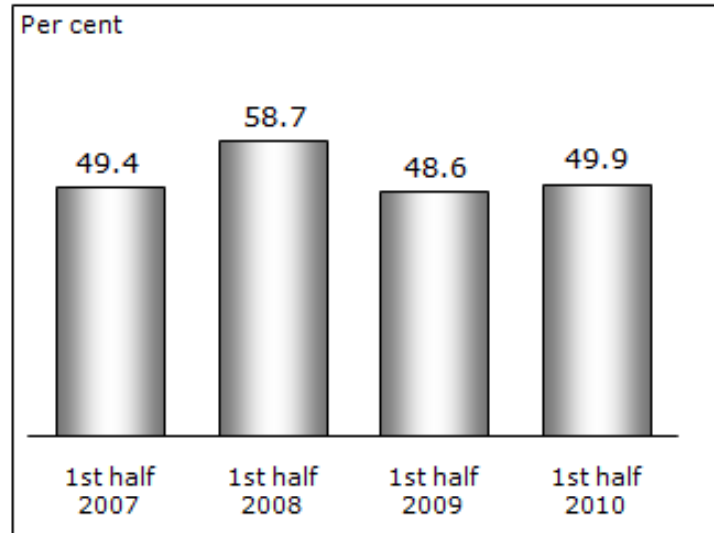
Earnings per share



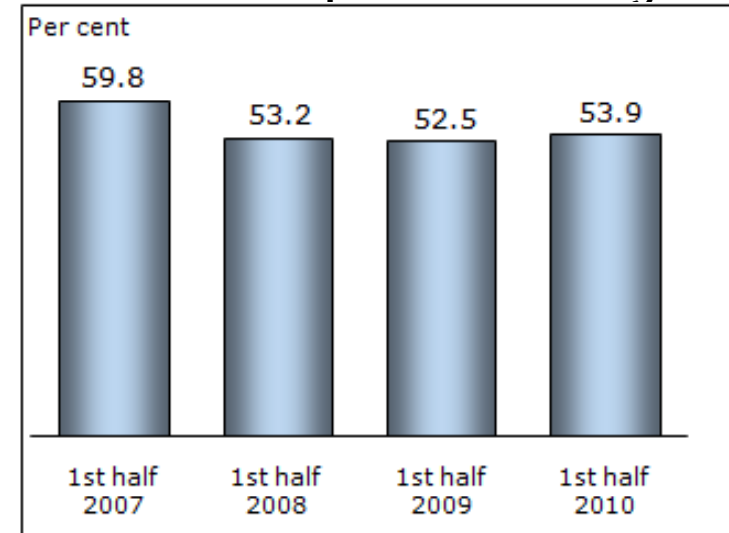
Return on equity



Cost/income ratio

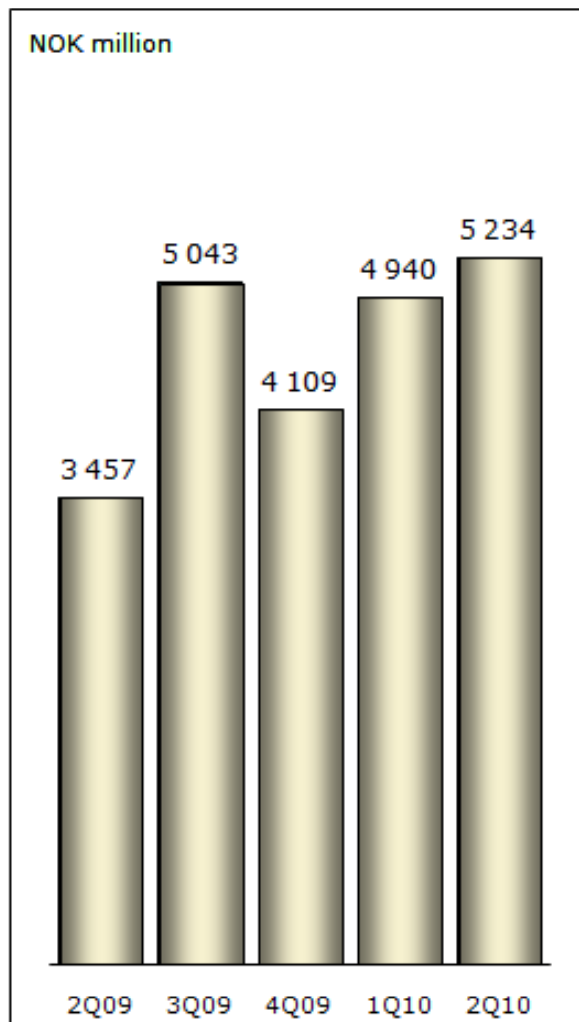


Ratio of deposits to lending

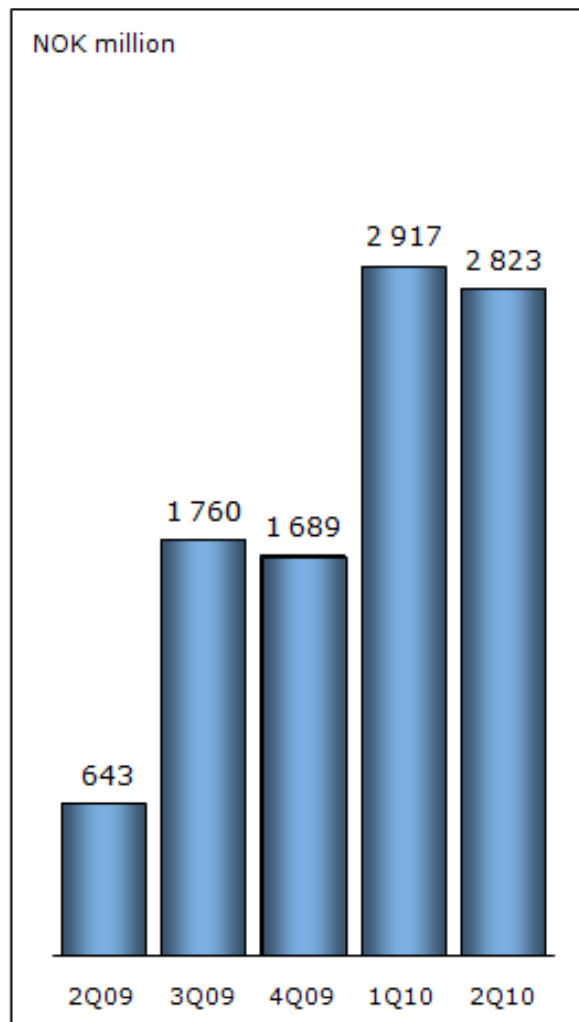


Profit for the 2nd quarter

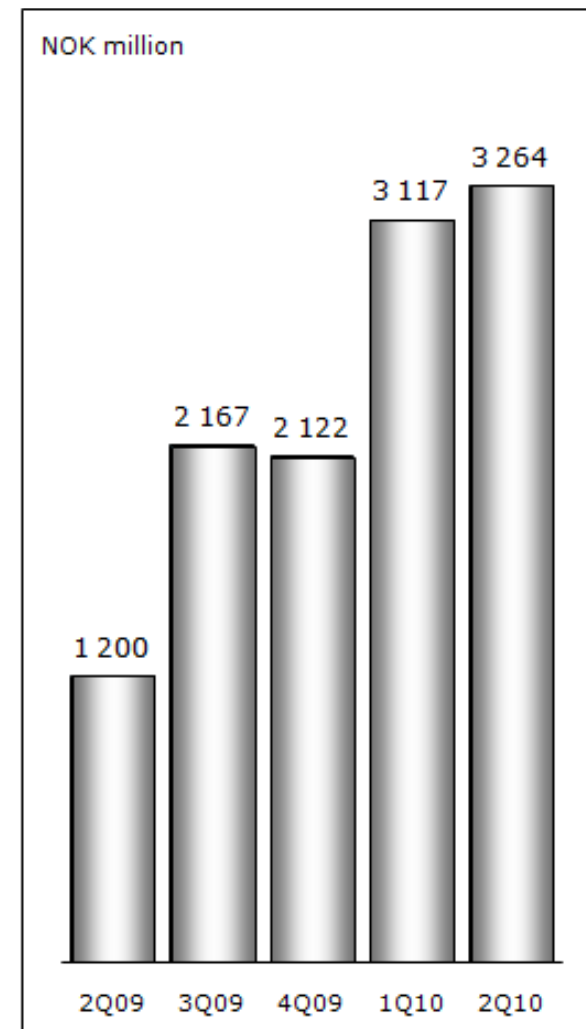
Pre-tax operating profit before write-downs



Profit for the period

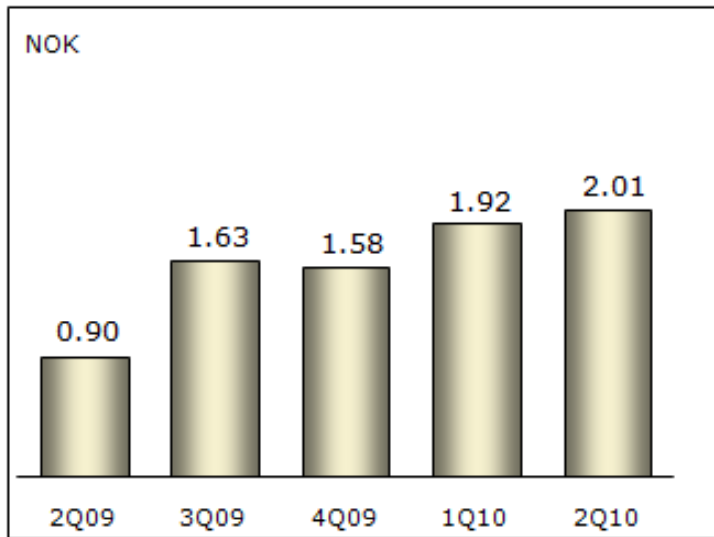


Profit for the period after minority interests

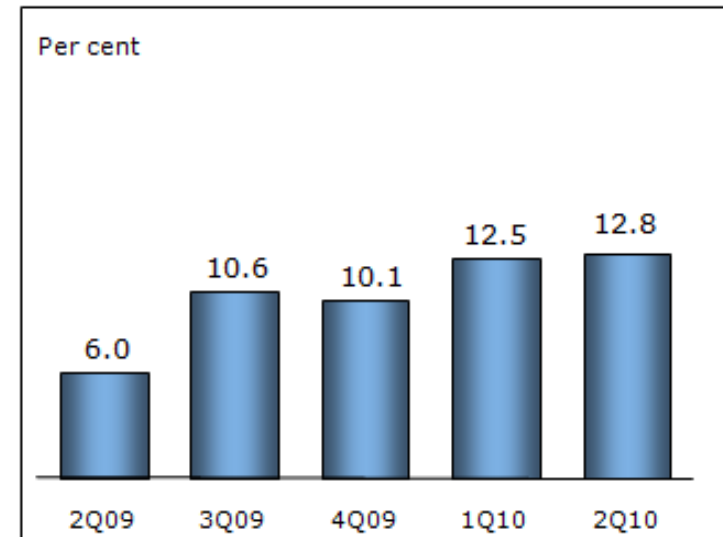


Key figures for the 2nd quarter

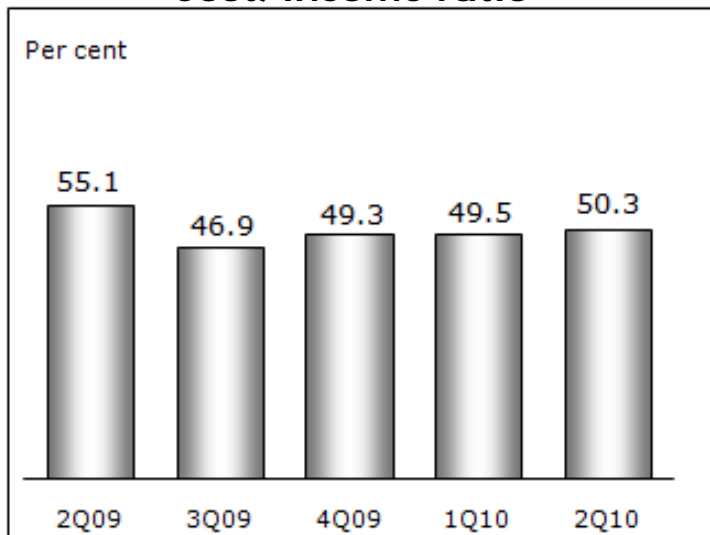
Earnings per share



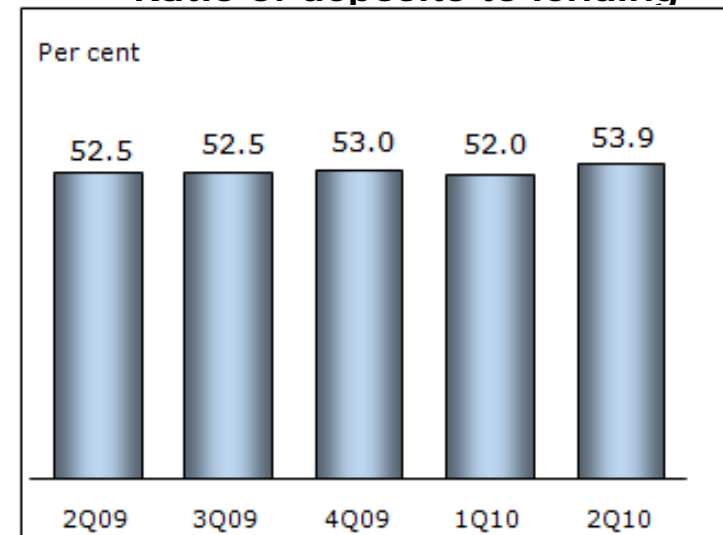
Return on equity



Cost/income ratio



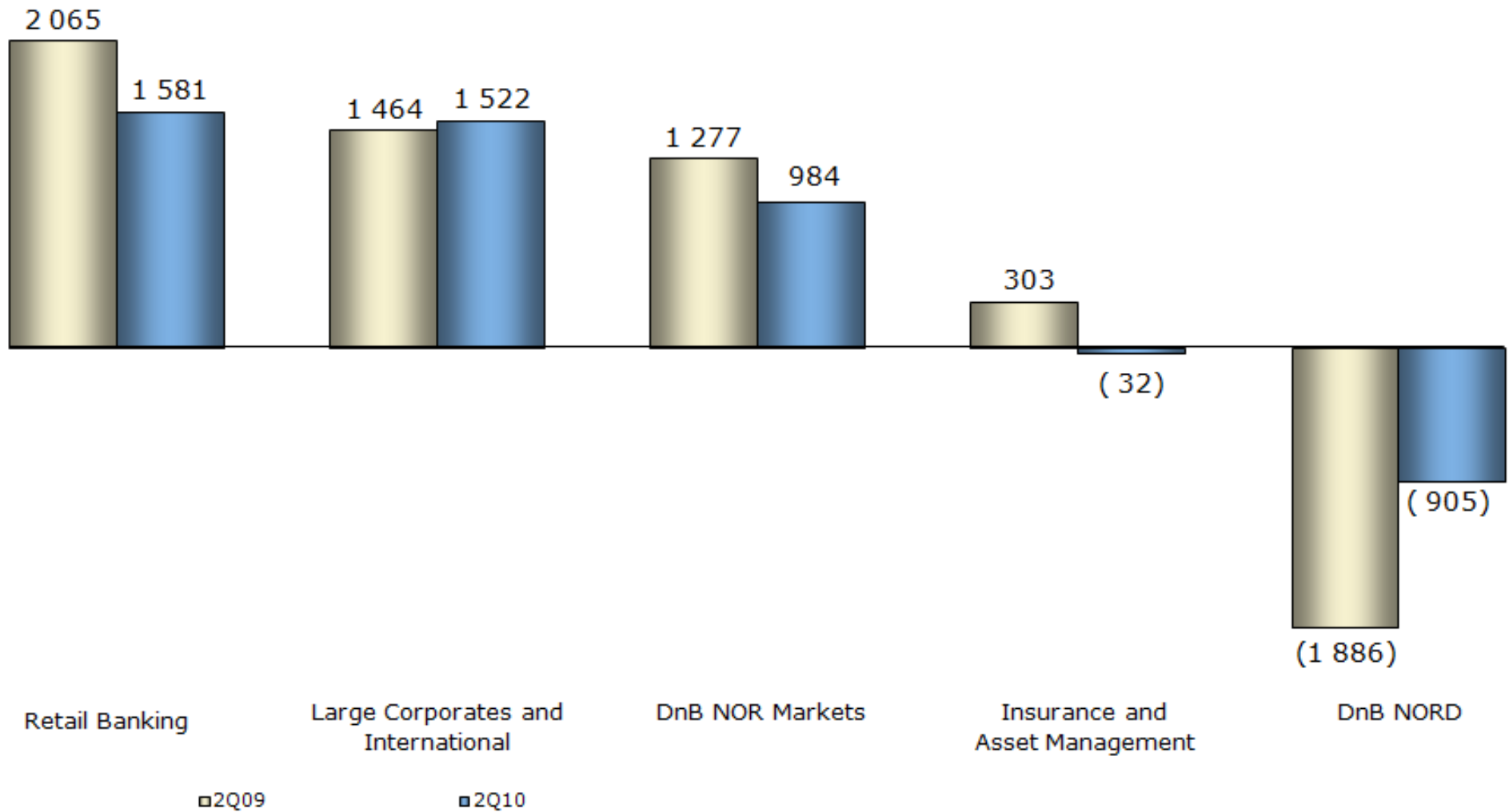
Ratio of deposits to lending



Business areas

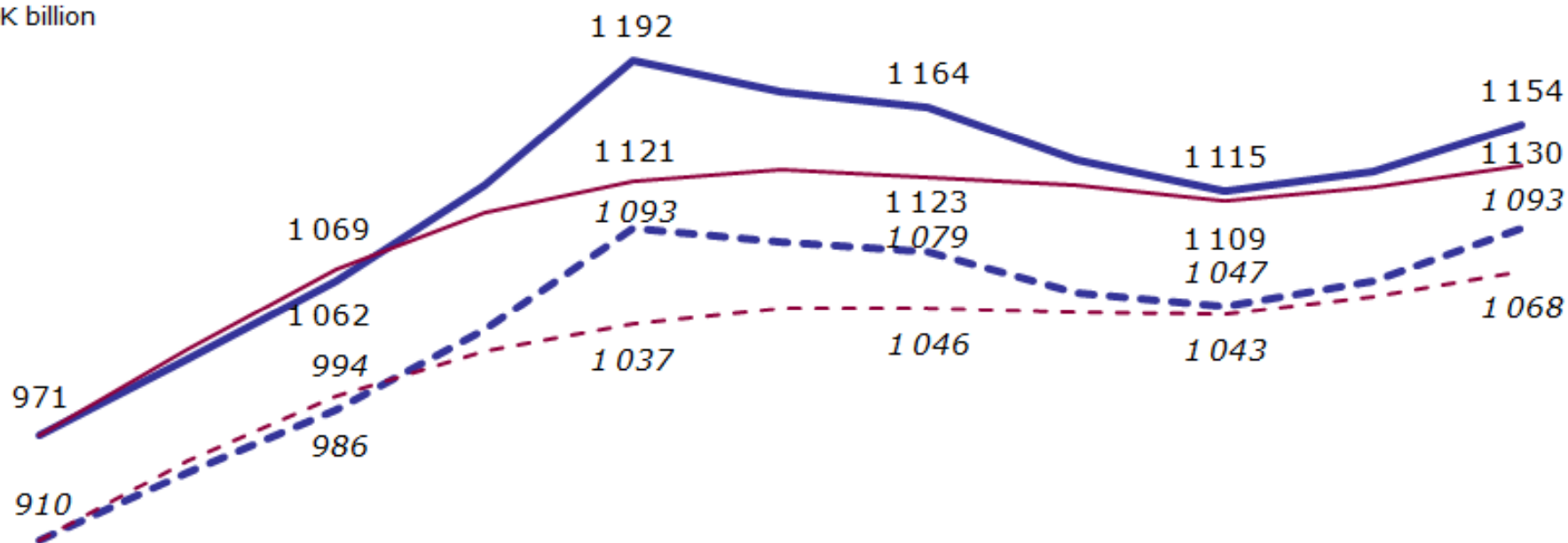
NOK million

Pre-tax operating profit after write-downs in the second quarter



Development in lending volumes ¹⁾

NOK billion



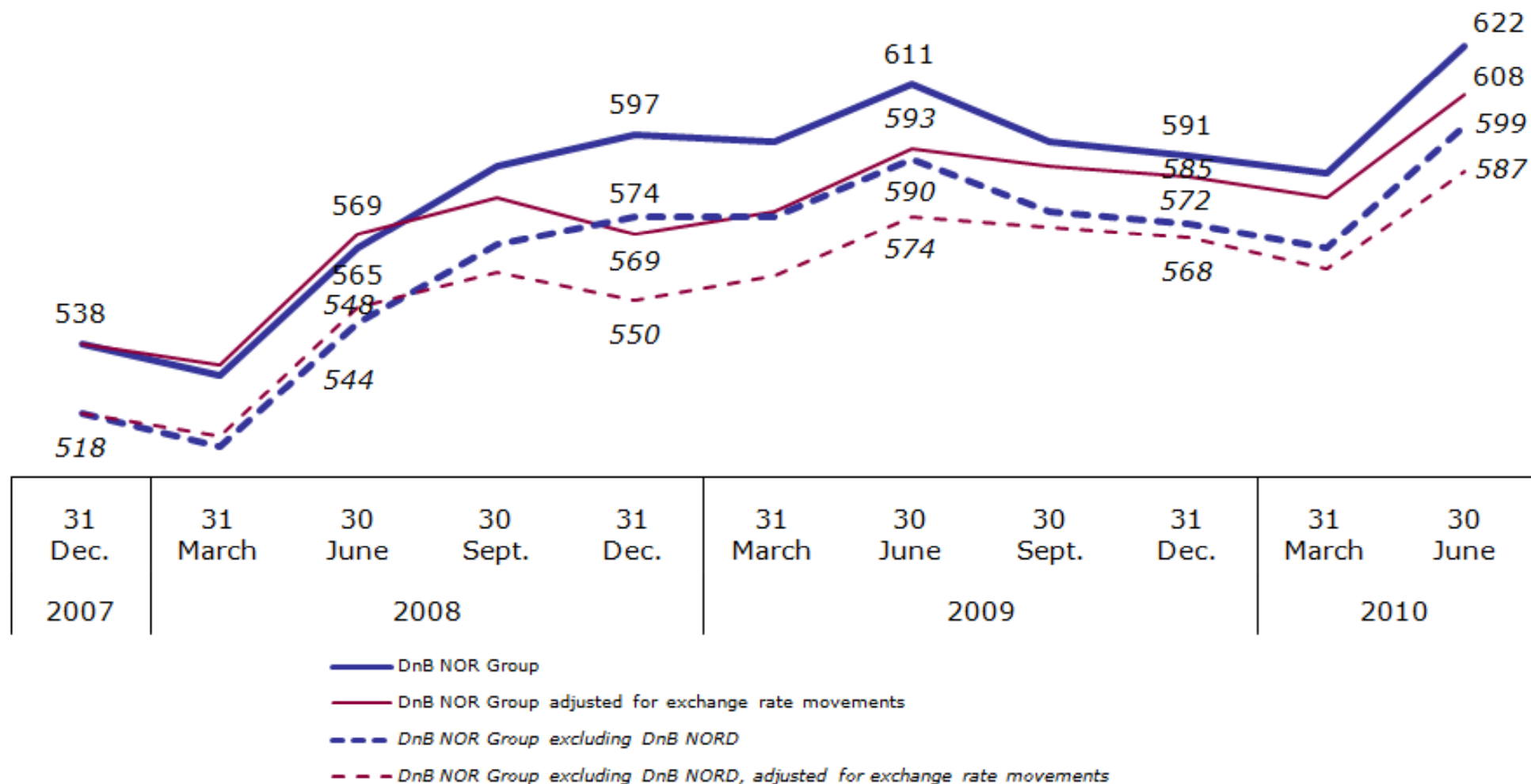
31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June
2007	2008			2009			2010			

- DnB NOR Group
- DnB NOR Group adjusted for exchange rate movements
- - - DnB NOR Group excl. DnB NORD
- - - DnB NOR Group excl. DnB NORD, adjusted for exchange rate movements

1) Figures at end of period

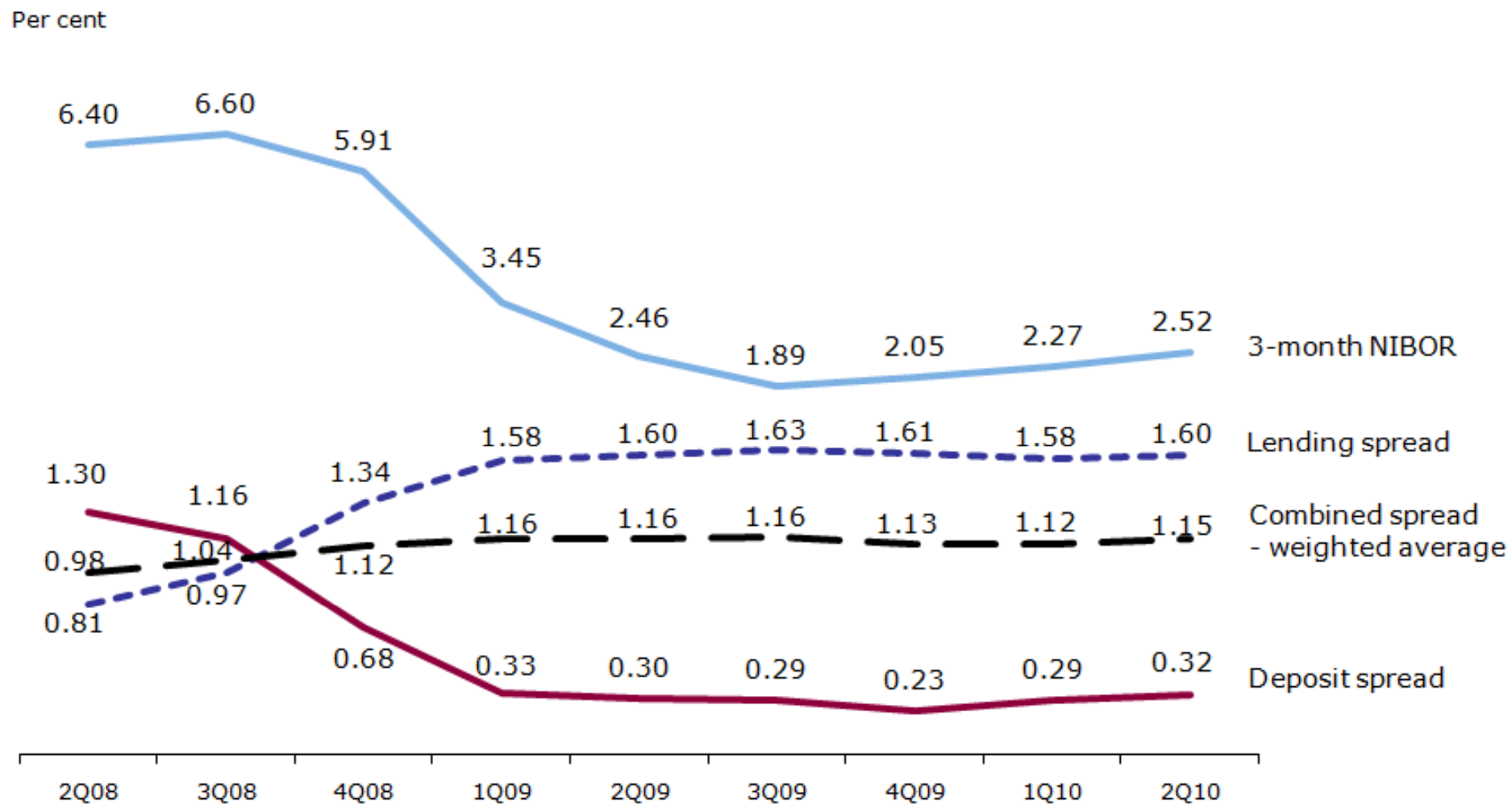
Development in deposits ¹⁾

NOK billion



1) Figures at end of period

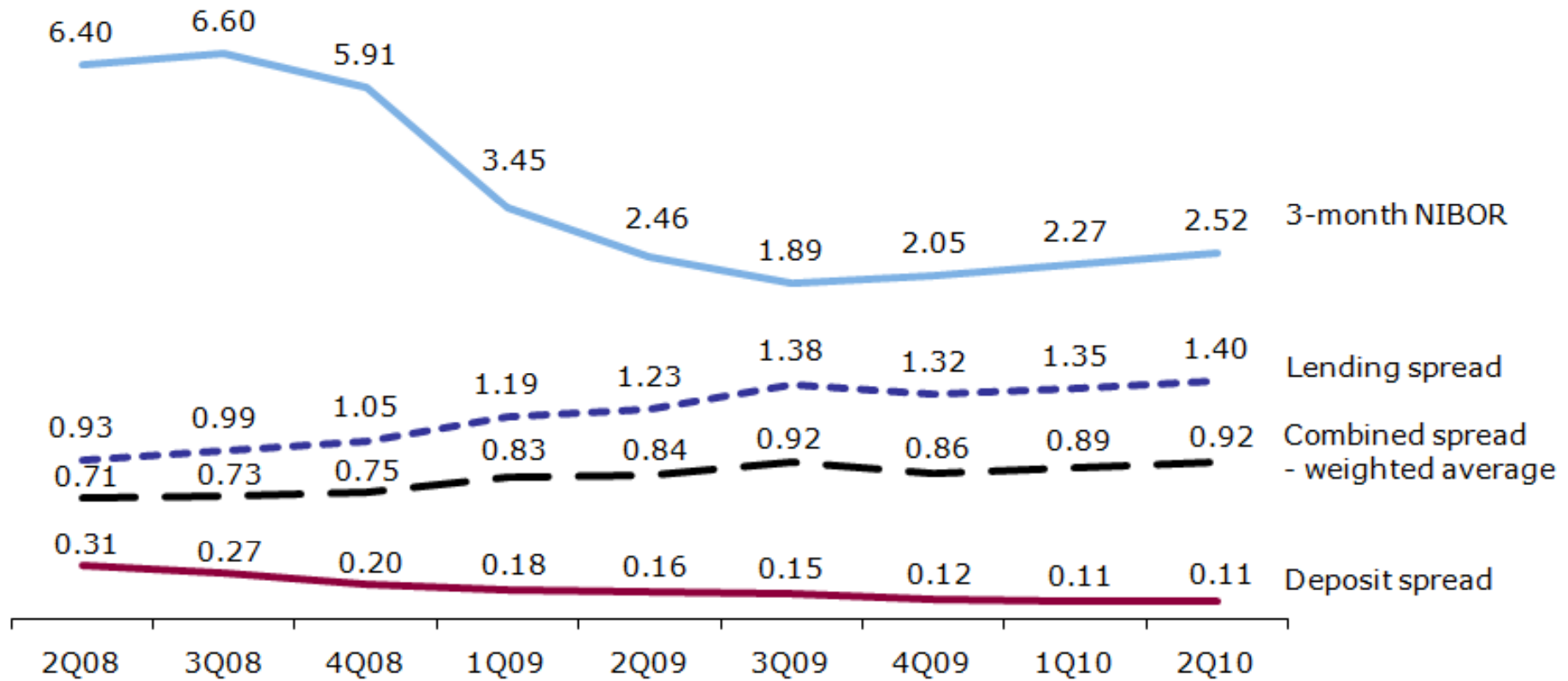
Development in average interest rate spreads – Group ¹⁾



1) Excluding lending to and deposits from credit institutions and impaired loans

Development in average interest rate spreads – Large Corporates and International ¹⁾

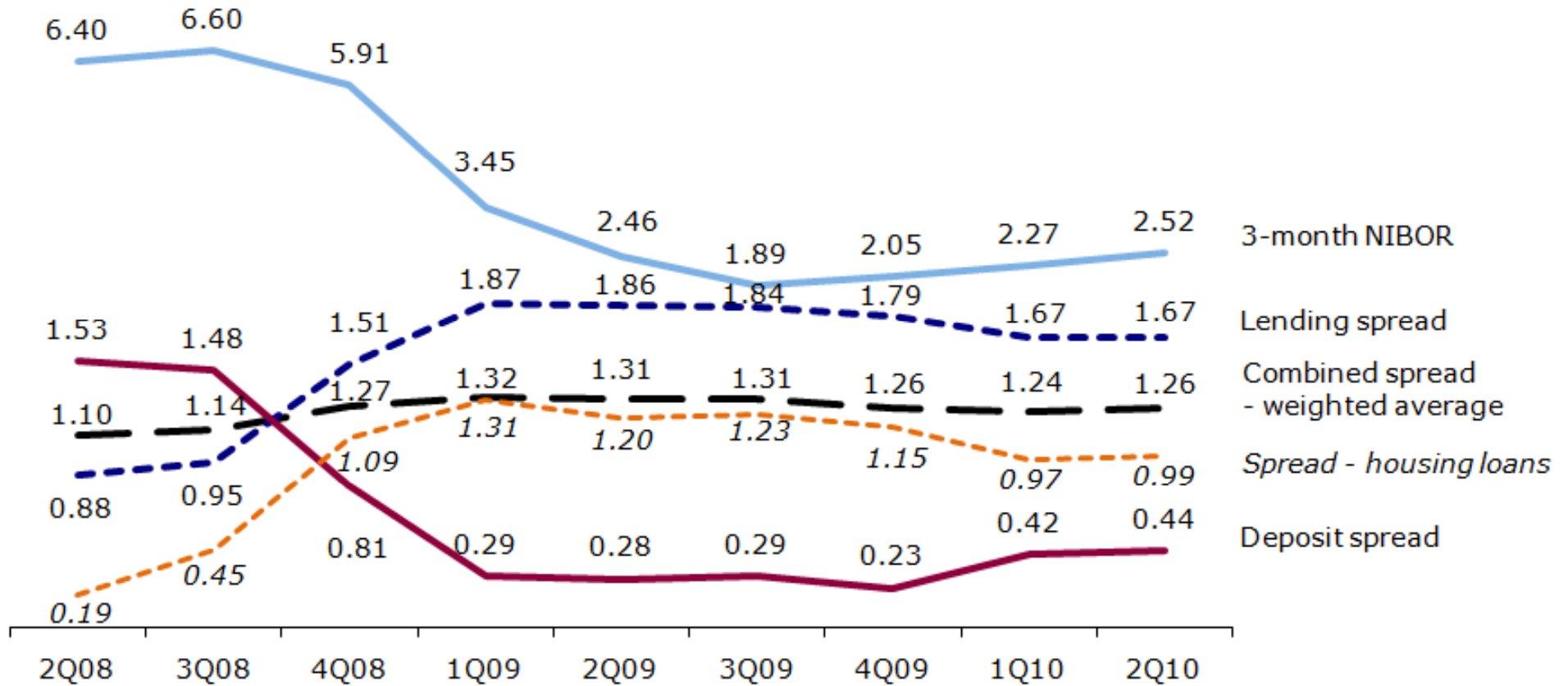
Per cent



1) Excluding lending to and deposits from credit institutions and impaired loans

Development in average interest rate spreads – Retail Banking ¹⁾

Per cent



1) Excluding impaired loans

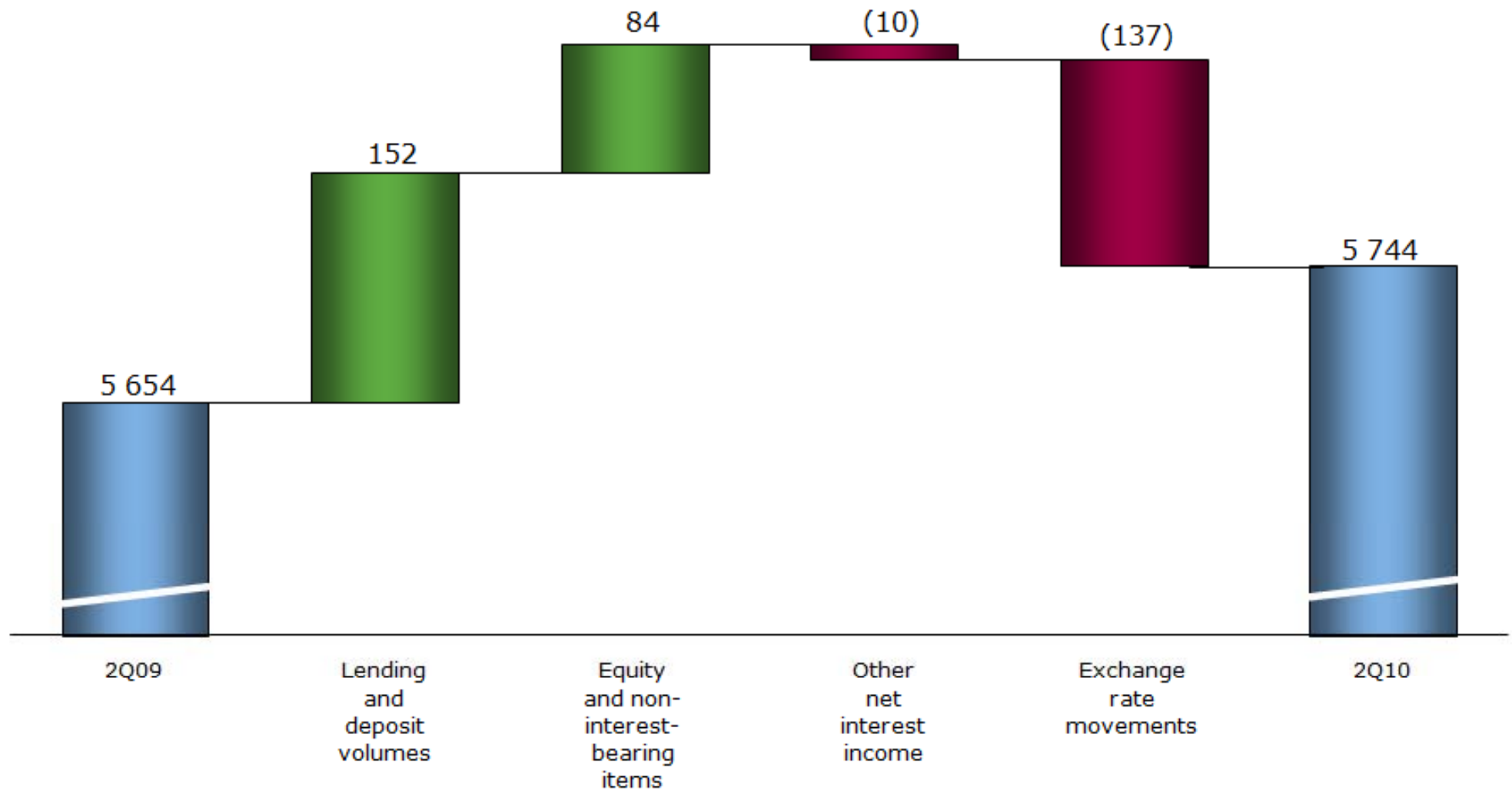
Income statement

Amounts in NOK million	2Q10	1Q10	4Q09	3Q09	2Q09	1st half 2010	1st half 2009
Net interest income	5 744	5 561	5 606	5 740	5 654	11 305	11 287
Net other operating income	4 795	3 493	3 160	3 951	2 694	8 288	7 884
Total income	10 538	9 054	8 766	9 691	8 347	19 592	19 171
Total operating expenses before impairment losses for goodwill and intangible assets	4 713	4 115	4 319	4 548	4 600	8 828	9 314
Impairment losses for goodwill and intangible assets	591	0	338	100	291	591	291
Pre-tax operating profit before write-downs	5 234	4 940	4 109	5 043	3 457	10 174	9 565
Net gains on fixed and intangible assets	(1)	10	19	(4)	7	9	11
Write-downs on loans and guarantees	878	947	1 517	2 277	2 318	1 825	3 916
Pre-tax operating profit	4 355	4 002	2 610	2 762	1 146	8 358	5 660
Taxes	1 524	1 081	1 001	1 002	503	2 605	2 083
Profit from operations held for sale	(8)	(4)	80	0	0	(13)	0
Profit for the period	2 823	2 917	1 689	1 760	643	5 740	3 577
Profit after minority interests	3 264	3 117	2 122	2 167	1 200	6 381	4 295

Changes in net interest income

NOK million

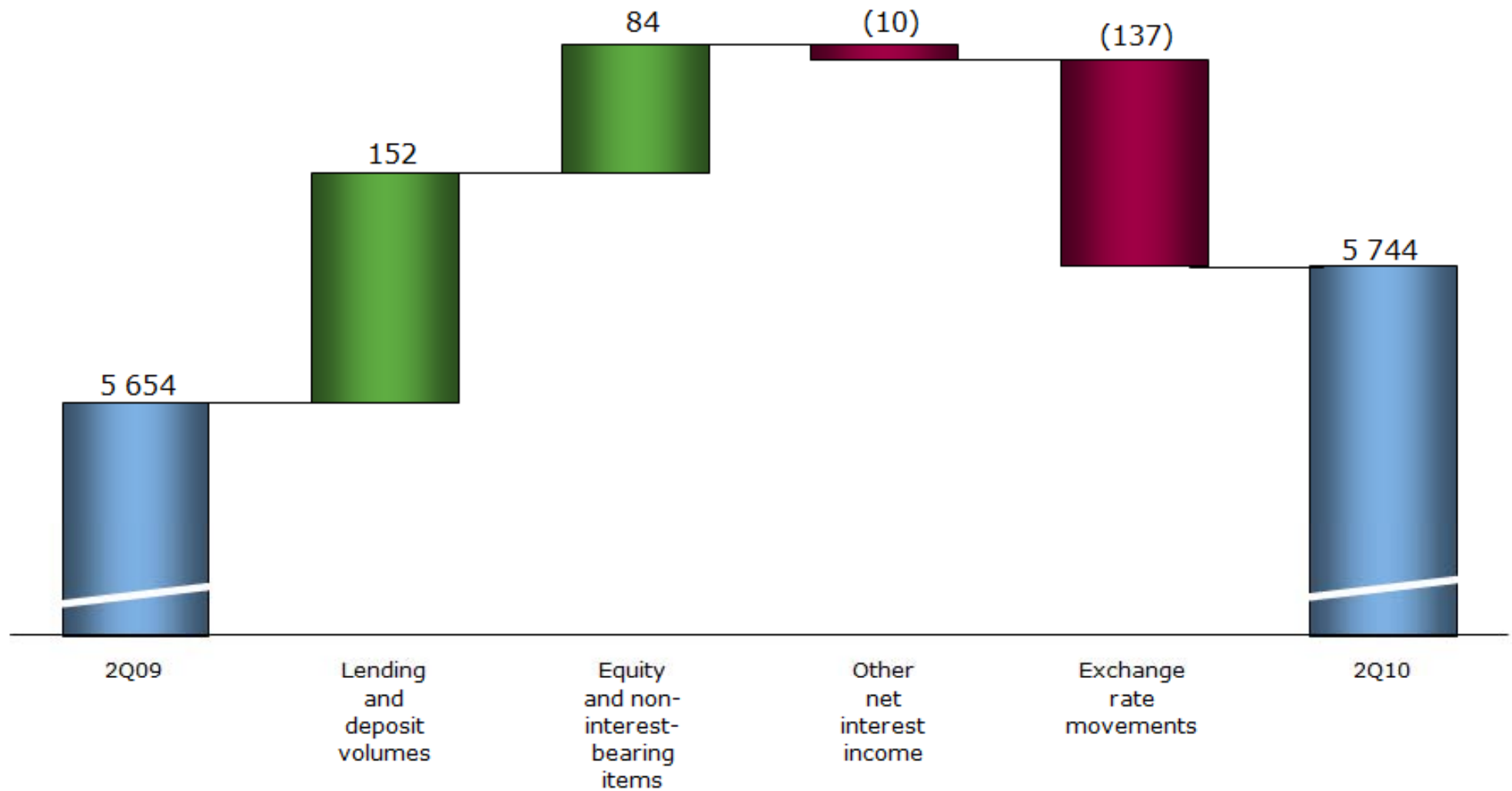
From 2nd quarter 2009 to 2nd quarter 2010



Changes in net other operating income

NOK million

From 2nd quarter 2009 to 2nd quarter 2010

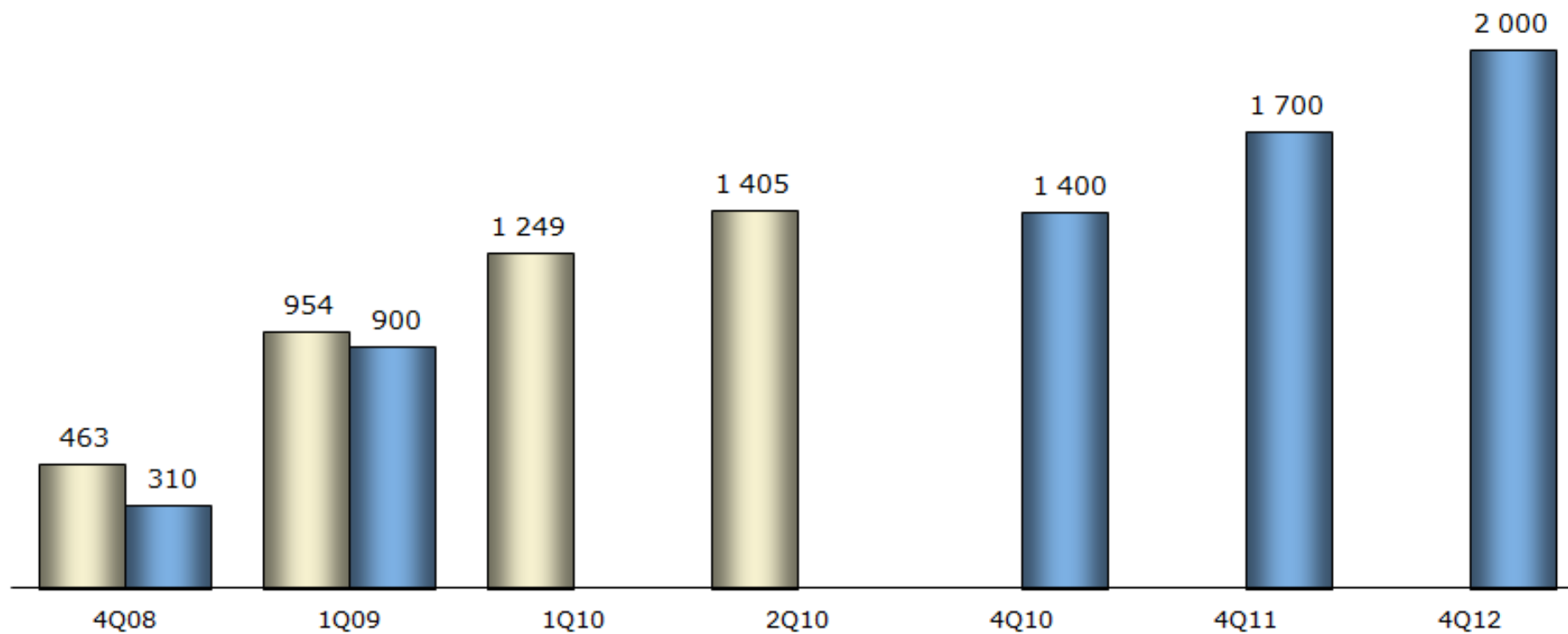


Changes in operating expenses

Amounts in NOK million	2Q10	Changes	2Q09
Total operating expenses	5 304	413	4 891
Impairment losses for goodwill and intangible assets	591	300	291
Total ordinary operating expenses	4 713	114	4 600
Cost programme		(178)	
Restructuring expenses		(3)	
Wage and price inflation		140	
Reclassification of marketing expenses in DnB NOR Eiendom		66	
IT expenses		59	
Operational leasing		44	
Other operating expenses		(14)	

Cost programme – ahead of schedule

NOK million



- Annualised realised cost savings
- Targeted annualised cost savings

Streamlining measures

Streamline production and operations across the Group and implement the cost programme



NOK 850-950 million

Change procurement routines



NOK 300-400 million

Concentrate production functions in Norwegian regions into one organisation



NOK 100-150 million

Centralise, specialise and streamline staff and support functions



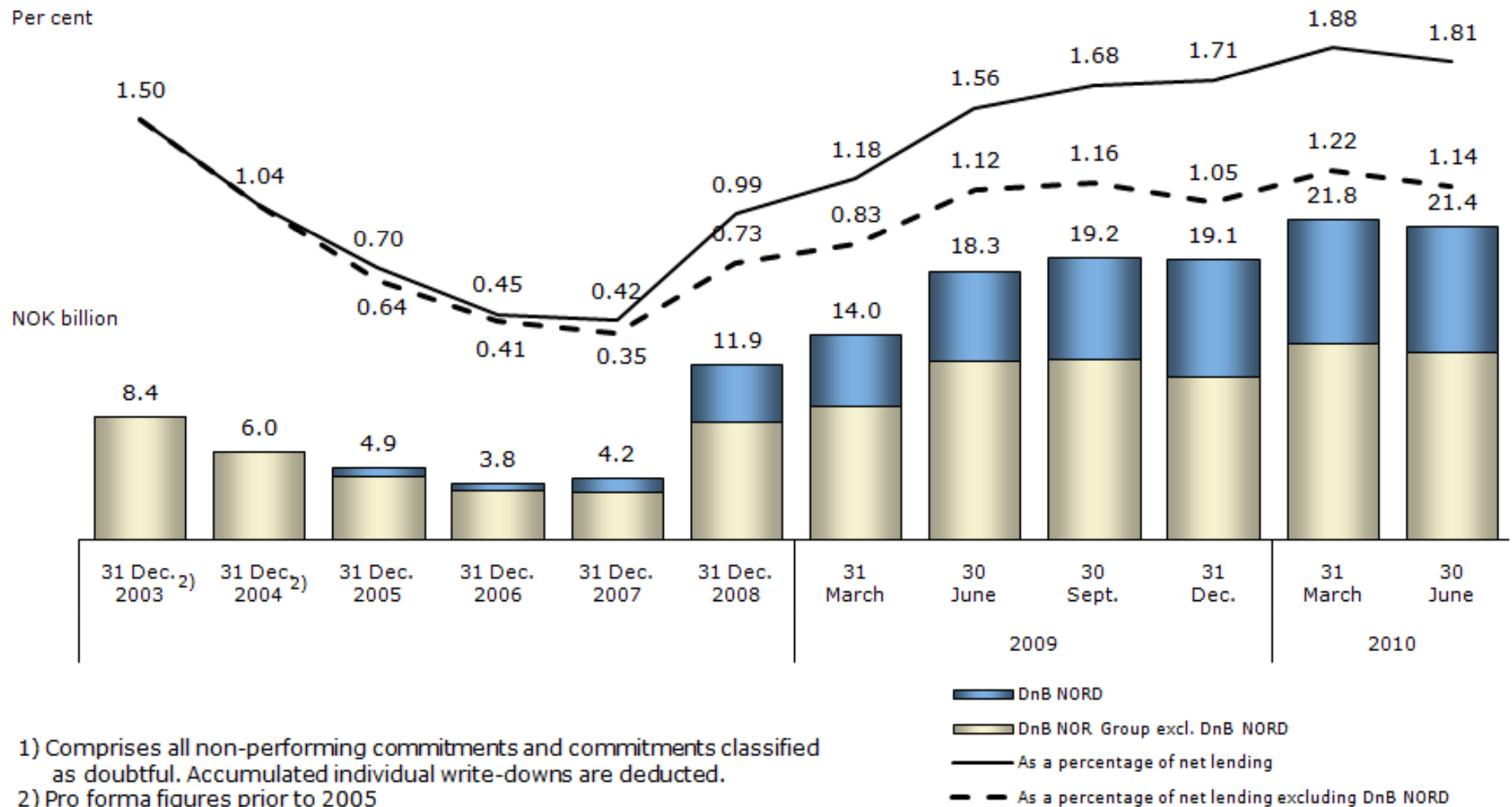
NOK 150-200 million

Reorganise IT operations for the entire Group



NOK 400-600 million

Net non-performing and net doubtful commitments ¹⁾



Write-downs on loans and guarantees

Amounts in NOK million	2Q10	1Q10	4Q09	3Q09	2Q09	First half 2010	First half 2009
<i>Individual write-downs:</i>							
Retail Banking							
- Private Customer Divisions	168	55	109	44	99	223	251
- SME Divisions	(3)	62	61	313	57	60	259
- DnB NOR Finans	84	71	158	91	105	155	207
- Nordlandsbanken	34	19	16	28	31	53	51
Large Corporates and International:							
- Nordic Corporates Division	0	(20)	(2)	31	99	(20)	365
- International Corporates and Institutions Division	21	78	135	(3)	97	99	76
- Shipping, Offshore and Logistics Division	47	161	55	243	201	208	178
- Special and Structured Finance	(7)	(6)	2	0	0	(13)	0
- Northern Europe	0	33	0	9	15	34	39
- Other units	2	2	0	0	5	4	5
DnB NOR excl. DnB NORD	347	456	534	756	709	803	1 430
DnB NORD	653	881	768	948	1 143	1 534	1 630
Total individual write-downs	1 000	1 337	1 301	1 704	1 852	2 337	3 060
<i>Collective write-downs</i>							
DnB NOR excl. DnB NORD	(168)	(65)	139	480	156	(233)	442
DnB NORD	46	(325)	77	92	310	(279)	413
Total group write-downs on loans	(122)	(390)	216	572	466	(512)	856
Write-downs on loans and guarantees	878	947	1 517	2 277	2 318	1 825	3 916

Write-downs in per cent of lending

Per cent	2Q10	1Q10	4Q09	3Q09	2Q09	1st half 2010	1st half 2009
Total write-downs in relation to average volumes (annual basis)	0.31	0.34	0.53	0.78	0.80	0.33	0.67
Of which:							
- DnB NOR excluding DnB NORD	0.07	0.15	0.25	0.46	0.32	0.11	0.35
- DnB NORD	4.46	3.43	4.40	5.03	6.76	3.94	4.69

Lending and write-downs in DnB NORD

Amounts in NOK million	Net lending as at 30 June 2010	2nd quarter 2010		Full year 2009	
		Write-downs on loans and guarantees	Write-downs in per cent of net lending ¹⁾	Write-downs on loans and guarantees	Write-downs in per cent of net lending ¹⁾
Latvia	17 324	181	4.14	1 603	7.39
Lithuania	21 873	273	4.84	1 728	5.99
Estonia	3 049	8	1.06	58	1.71
The Baltic States - total	42 246	462	4.29	3 389	6.29
Poland	12 126	54	1.78	249	2.25
Other	7 457	183	8.44	291	1.55
DnB NORD total	61 829	699	4.46	3 929	4.69

1) Individual and collective write-downs, relative to average volumes (annual basis)

Balance sheets

	DnB NOR Group			DnB NOR Bank ASA		
	30 June 2010	31 Dec. 2009	30 June 2009	30 June 2010	31 Dec. 2009	30 June 2009
Amounts in NOK billion						
Net lending to customers ¹⁾	1 154	1 115	1 164	639	627	726
Other assets	838	709	651	948	845	729
Total assets	1 993	1 823	1 815	1 588	1 472	1 455
Deposits from customers ²⁾	622	591	611	608	581	588
Short-term debt securities issued	220	168	160	220	168	160
Long-term debt securities issued	356	326	367	216	230	271
Other liabilities and provisions	691	638	592	465	420	363
Equity	104	101	85	79	72	73
Total liabilities and equity	1 993	1 823	1 815	1 588	1 472	1 455
Ratio of deposits to net lending (%) ³⁾	53.9	53.0	52.5	95.1	92.7	80.9
Total combined assets	2 253	2 076	2 104	1 588	1 472	1 455
1) Currency-adjusted lending	1 171	1 150		644	651	
2) Currency-adjusted deposits	627	603		610	592	
3) The ratio of deposits to lending in DnB NOR Bank ASA must be seen in connection with the transfer of loans to DnB NOR Boligkreditt						

Stable access to long-term funding

– longer maturities at competitive prices

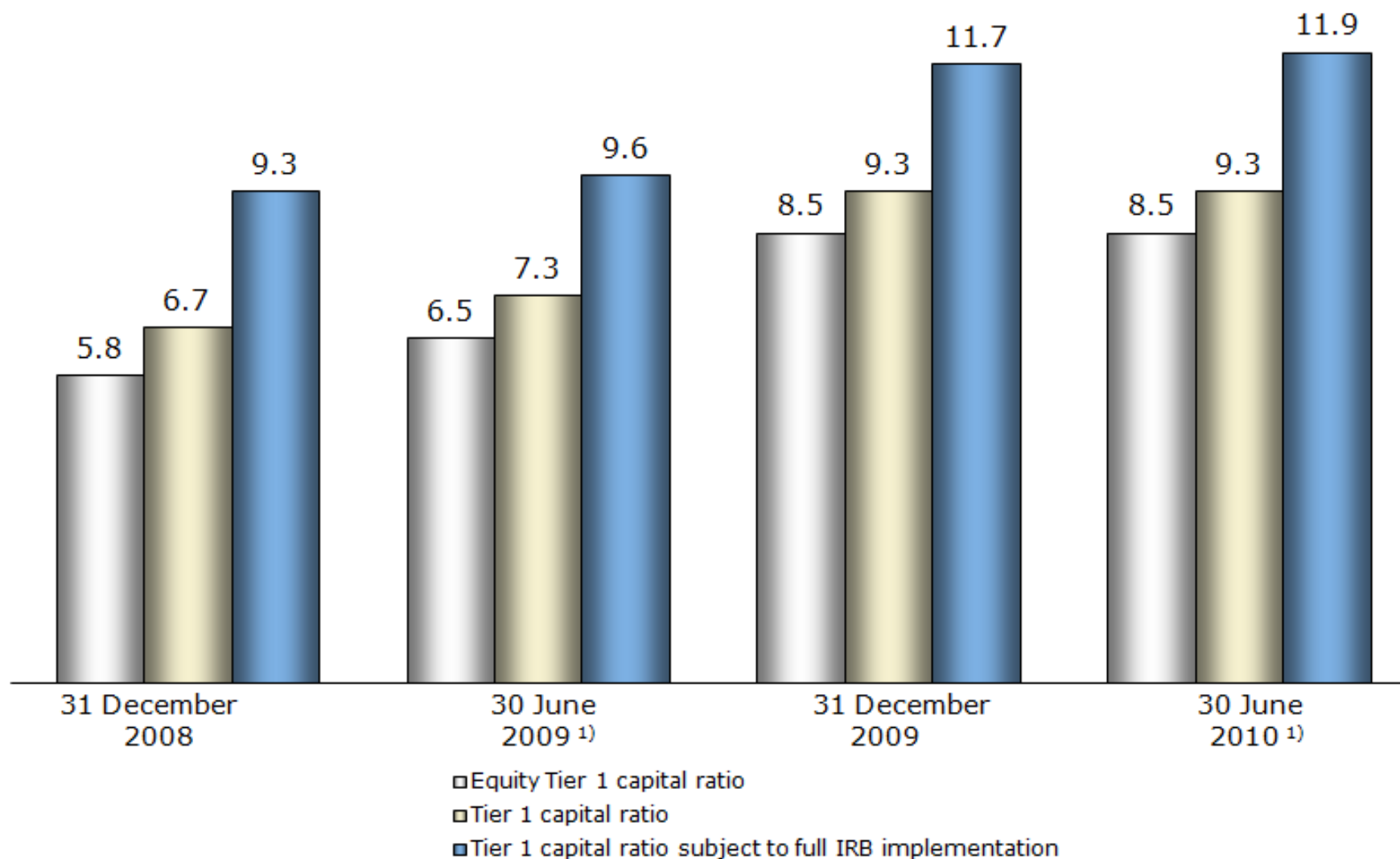
2010		NOK billion	Maturity	Spread (3-month Euribor)
		Covered bonds	45.3	7.3
	Senior bonds	22.2	7.4	
	Total	67.5	7.3	62bp

2009		NOK billion	Maturity	Spread
		Covered bonds	10.7	12.1
	Covered bonds, Norges Bank (central bank)	90.3	4.2	
	Senior bonds	39.0	4.6	
	Total	139.1	4.9	50bp

2008		NOK billion	Maturity	Spread
		Covered bonds	57.5	5.9
	Covered bonds, Norges Bank (central bank)	29.1	2.8	
	Senior bonds	100.5	3.7	
	Total	187.2	4.3	48bp

Tier 1 capital ratio

Per cent



1) Including 50 per cent of profit for the period

30 January 2010

Start of evaluation period of shareholder agreement between DnB NOR and NORD/LB

30 July 2010

Close of evaluation period. DnB NOR's Board of Directors will decide on the further course of action on 15 July 2010. Notification of the termination of the shareholder agreement must be given ten days prior to the expiry of the evaluation period

1 August 2010 - 30 October 2010 (upon notification of termination)

Each party will appoint advisers to assist in the negotiations. If agreement is not reached on the price, an independent adviser, appointed by the parties, or by the Danish Bankers Association, will determine a binding price

January 2011

Completion of the transaction

Signs of recovery in our most important markets

Positive economic trend in Asia, improvement in the US, major challenges in Europe

Norwegian economy in a unique position

Uncertainty in the international financial markets

Outlook for DnB NOR

Retail Banking

Growth in housing loans, lag in margin adjustments, low write-downs

Large Corporates and International

Signs of increase in credit demand, increasing lending spreads, moderate write-downs

Markets

Certain increase in demand and activity levels. Volatility gives good earnings from FX, interest rate and commodity derivatives and counteracts stock market turmoil

Insurance and Asset Management

Short-term challenges related to market trend, well-positioned for future growth and good profitability

DnB NORD

Reduction in write-downs, improving operations

DnB NOR's financial targets

**Updated estimate for write-downs on loans in 2010:
NOK 4–5 billion**

**Updated estimate for taxes in 2010:
33 per cent on an annual basis**

Other targets remain unchanged



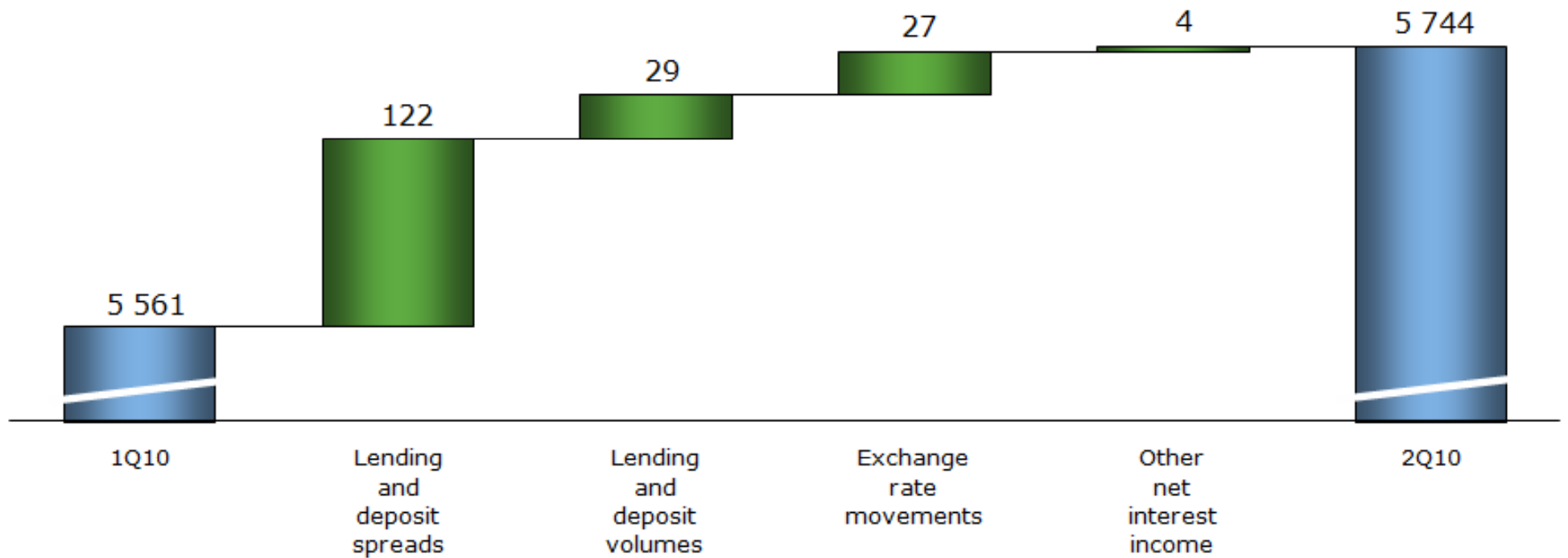
DnB NOR

Appendix

Changes in net interest income

NOK million

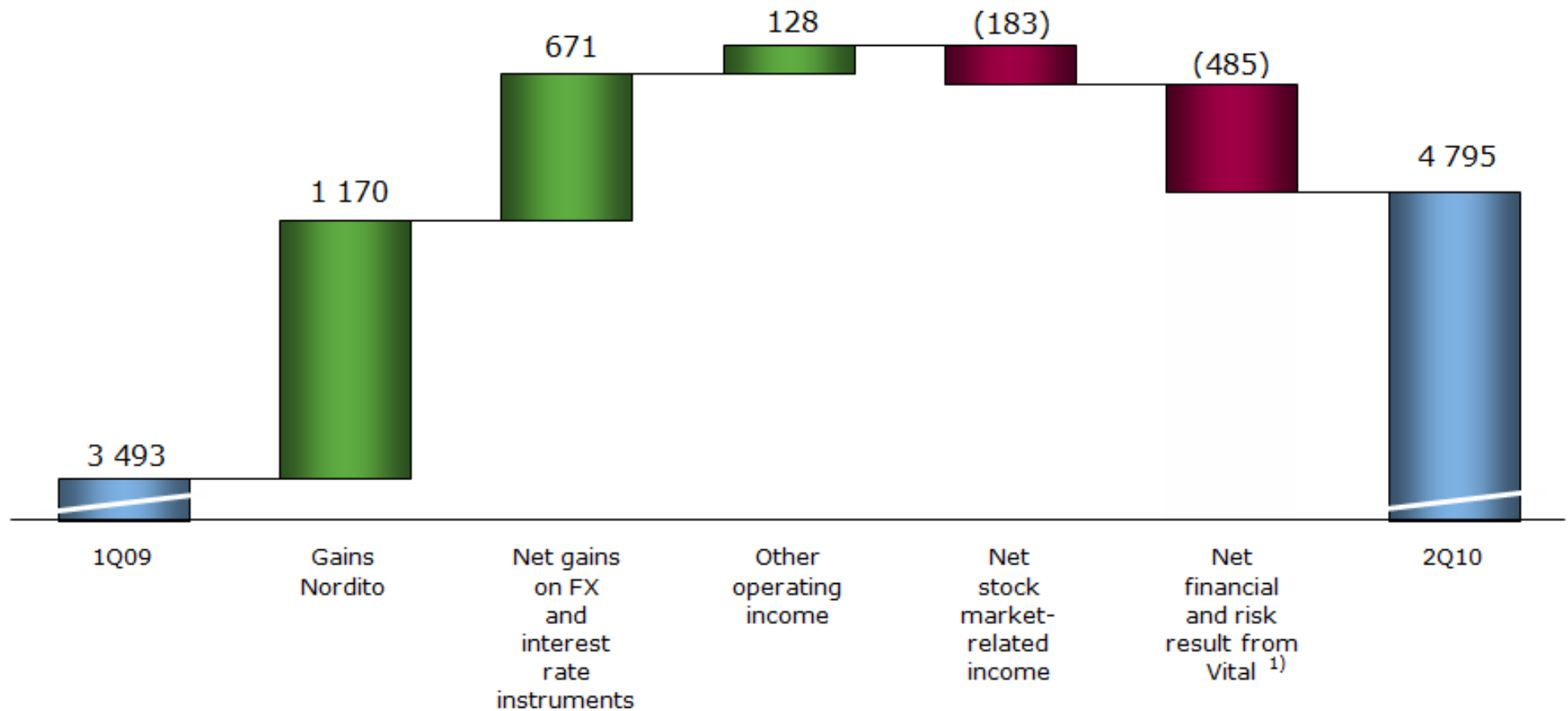
From 1st quarter 2010 to 2nd quarter 2010



Changes in net other operating income

NOK million

From 1st quarter 2010 to 2nd quarter 2010

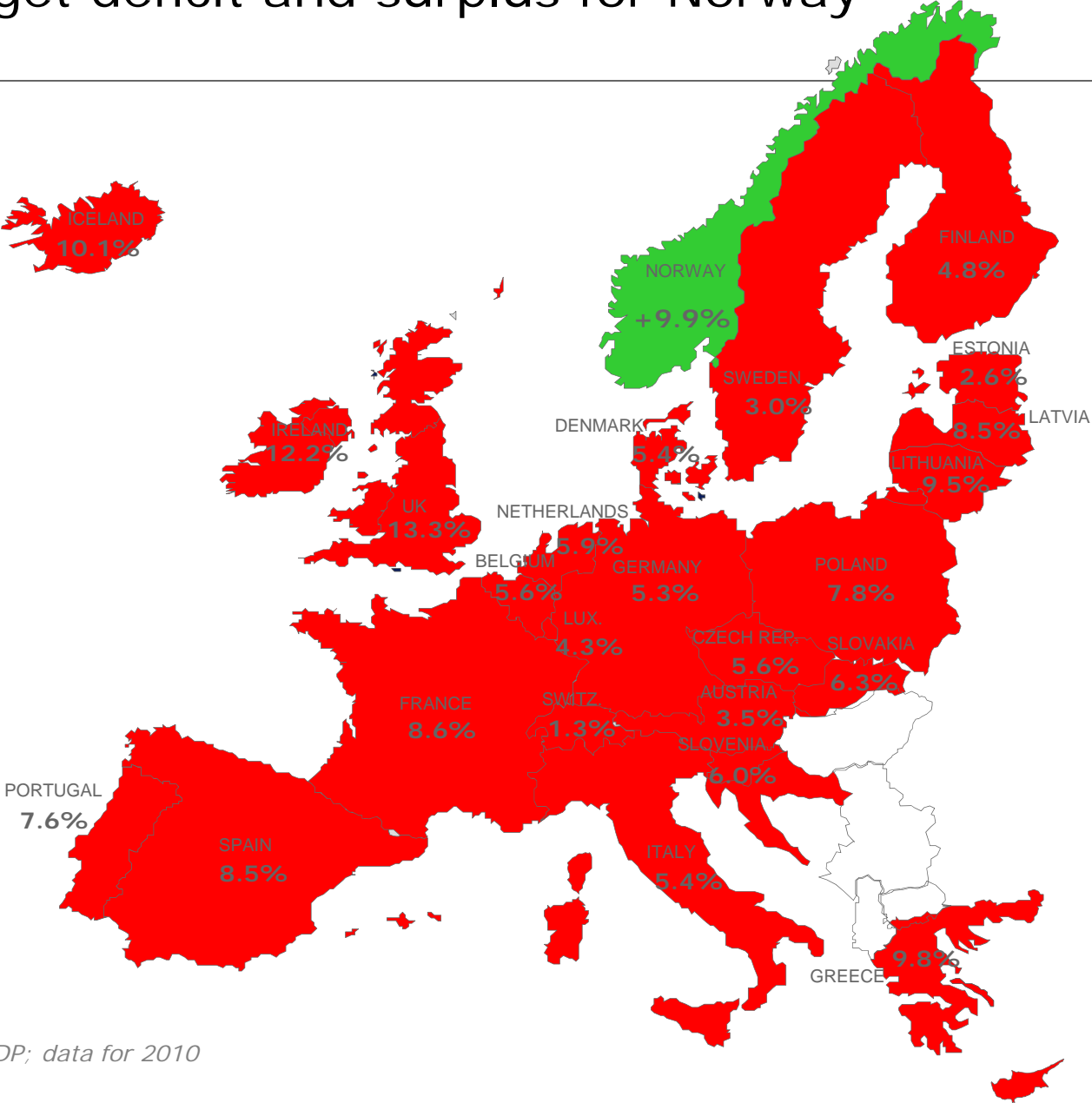
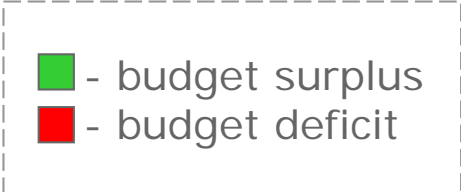


1) After guaranteed returns and allocations to policyholders

Changes in operating expenses

Amounts in NOK million	2Q10	Changes	1Q10
Total operating expenses	5 304	1 189	4 115
Impairment losses for goodwill and intangible assets	591	591	0
Reversals of contractual early retirement pensions	0	367	(367)
Total ordinary operating expenses	4 713	232	4 482
Cost programme		(56)	
Restructuring expenses		19	
Performance-based pay		112	
Marketing expenses etc.		38	
IT expenses		35	
Other operating expenses		83	

Expected annual budget deficit and surplus for Norway*



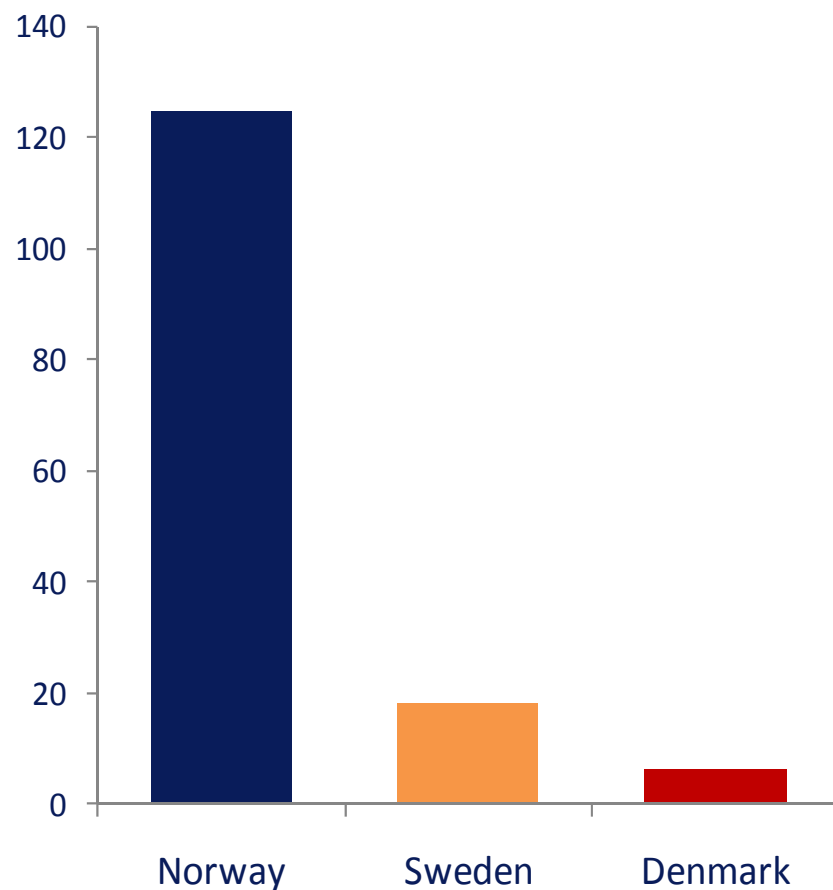
• Other countries' budget deficits:

USA	10.7 %
Japan	8.2 %
Canada	5.2 %
Australia	3.5 %

* percentage share of country GDP; data for 2010
 Source: OECD/Guardian

Norway stands out as significantly better also within Scandinavia

Net public assets 2008 (Per cent of GDP)



Credit default swaps (bp)

